Exhibit 12

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September 3, 1999

Ms. Sue Budewitz
Lindberg
304 Hart Street
Watertown, WI 53094

Dear Sue:

Subject: Cash Balance Transition Benefit

At our cash balance training meeting in Rochester on June 16, 1999, we heard concerns about the transition from the final average pay plan to the SPX cash balance plan. The main concern was the potential adverse impact the change in plan design could have on future retirees.

Based on your feedback, SPX Corporate staff began discussing ways to improve the cash balance design for the former Corporate Plan employees. Our goal was to refine the cash balance plan in a way that provides most of the former General Signal Corporate Plan employees with a benefit at least as great as our benchmark of the "old" SPX final average pay plan.

The additional pension expense for this improvement in the cash balance design was about half of the original savings. The benefit improvement described in this letter is possible because Mr. Blystone was willing to underwrite the cost of additional annual pension expense.

This letter includes background information, a description of the transition benefit, and shows the impact of the transition benefit improvement for the former General Signal Corporate Plan participants. This information is a preview for you and your division presidents and *should not* be shared with employees until the employee training sessions.

Background
To begin our benefit analysis, we compared the current retirement program (pension and 401(k)) with the old SPX final average pay program, including 401(k). The benefit comparison showed that most employees had better benefits under the current program in the near term.

However, employees did not do as well as they became eligible for early retirement. This was due to the fact that the prior plan provided for subsidized benefits if a participant elected to retire before age 65. Early retirement benefits were reduced for early commencement by 3% per year. An "actuarial equivalent" (i.e., an unsubsidized reduction) would be a greater reduction. As a result, we created a transition benefit for the employees who reach early retirement eligibility that uses the prior early commencement reductions as described below.

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Transition Benefit

For the transition benefit, we used the age 65 life annuity equivalent of each participant's account balance at retirement. This is the accrued benefit for each employee as defined in the plan document. This age 65 benefit is reduced for early retirement using the prior General Signal early retirement reductions of 3% from 65. This gives us the transition benefit at early retirement. The transition benefit at early retirement would be greater than the early retirement benefit under the new plan without the transition. A participant can elect a lump sum distribution of his or her transition benefit. The lump sum would likely be greater than the participant's account balance.

The main transition issue was due to employees who were not currently retirement eligible but who may reach early retirement eligibility. This transition was designed mainly for these employees.

Employees who were early retirement eligible at the time of the change in plan design receive the value of their early retirement subsidies in their opening account balances. As a result, the special transition calculations will not impact these participants except for very unusual situations.

Eligibility

Former General Signal Corporate Plan participants are eligible for the transition benefit if they meet the following criteria:

- Retire after October 1, 1999;
- Attain age 45 as of January 1, 1999; and
- Complete five years of continuous service as of January 1, 1999.

This is the group of participants whose benefits were projected to fall below comparable SPX benefits at early retirement.

Early retirement is based on the prior General Signal definition of age 55 and 5 years of continuous service.

Amount of Transition Benefit

The opening account balance for the transition benefit will be the lump sum value of the age 65 accrued benefit under the prior plan. The early retirement subsidy is not included in the minimum opening balance since it is based on the age 65 benefit. The account balance will grow with interest credits and principal credits until retirement. At retirement, the account balance will be converted back to an age 65 benefit based on the plan document requirements.

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The transition benefit will be this age 65 benefit reduced 3% for each year the benefit commences prior to age 65. An immediate lump sum option will also be offered based on this special transition, and it may be greater than the participant's account.

Examples
The first table compares the regular and transition benefits available to the sample employee. The other tables show the details behind the calculations.

Comparison of Regular and Transition Benefits

	Age 55	Age 60	Age 62
Monthly Life Annuity			
Regular Cash Balance	$ 321	$ 350	$ 365
After Reflecting Transition	$ 525	$ 464	$ 436
Lump Sum			
Regular Cash Balance	$ 50,000	$ 50,000	$ 50,000
After Reflecting Transition	$ 81,692	$ 66,300	$ 59,766

Examples of Regular Annuity and Lump Sum before Transition Benefit

	Age 55	Age 60	Age 62
Account Balance at Retirement	$ 50,000	$ 50,000	$ 50,000
Present Value Factor	155.6298	142.8543	137.0737
Regular Annuity	$ 321	$ 350	$ 365

Examples of Transition Annuity and Lump Sum after Transition Benefit

	Age 55	Age 60	Age 62
Account Balance at Retirement	$ 50,000	$ 50,000	$ 50,000
Deferred to 65 Factor	66.6781	91.5734	104.3563
Age 65 Benefit	$ 750	$ 546	$ 479
Early Retirement Reduction Factor	70%	85%	91%
Transition Benefit	$ 525	$ 464	$ 436
Present Value Factor	155.6298	142.8543	137.0737
Transition Lump Sum	$ 81,692	$ 66,300	$ 59,766

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Benefit Comparison Charts
Two benefit comparison charts are enclosed for your unit. Each chart divides your employees into five-year age and service groups. Age and service are always shown as of January 1, 1999. Each cell is color-coded based on the average benefit comparison in that cell. Each cell contains the number of employees, average pay, and the ratio of the new plan divided by the former SPX benefit.

One chart projects benefits five years into the future (but not past age 65). The other chart projects benefits ten years (but not past age 65). We elected not to project more than ten years because of the higher degree of uncertainty inherent in longer projections.

It is not likely that the participant counts will match your population exactly. We used data collected as of January 1, 1999. However, certain employees were excluded from this study due to incomplete or ambiguous work histories.

A blue cell indicates employees who receive projected benefits under the new plan equal to 100% or more of the benchmark former SPX Plan. Yellow cells indicate ratios within 10% of the benchmark. The closer to red the cell is, the more the benefits fall short of the former SPX formula.

Benefit Comparisons
Total retirement benefits are included in the comparison. This includes:

- The General Signal 401(k) match from hire date to January 1, 1999 and SPX 401(k) match after January 1, 1999;

- An 8% rate of return for all years, 6% interest credit, and a 4% pay increase assumption for all comparisons;

- Pension benefits under the cash balance plan were determined by converting the December 31, 1998 accrued benefit to an opening account; and

- Future cash balance benefits, including the special transition benefit, are compared with the former SPX benefit for all years of service.

Comments about the Illustrations
The comparisons are based on projections into the future and assumptions about future events. While we feel these assumptions are reasonable for this type of analysis, actual experience for each participant will be different. Also, each participant's actual experience will dictate their final benefits and how well their final benefits compare with any benchmark.

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Each "cell" in the comparison shows the average percentage for the employees in that age and service cell. Since this is an average, some employees will have higher values and some lower than the overall average.

Lastly, while the Company's goal was to create benefits that compared well with the former SPX final average pay plan, SPX realized the difficulty in doing so for each and every person. As a result, there was a need to balance many factors, including the employee relationship, future business changes, cost constraints, and the fact that we are working with assumptions and projections about the future. While every step was taken to try and attain the original goal, the final result reflects the careful balance of all the factors involved.

If you have any questions about the transition benefit, please feel free to call Sharon Bartshe or me.

Sincerely,

Hewitt Associates LLC

Judy

Judith A. Mabry

JAM:tal
Enclosures
cc: Ms. M. Sharon Bartshe, SPX Corporation
Mr. Robert B. Foreman, SPX Corporation

SPX Corporation

Lindberg Division Minimum Benefit at Age 55 if Currently Age 45 with 5 Years of Service
Comparison of IARP With Special Minimum Early Retirement Benefit, to SPX FAP
Assumptions: All Service 401(k) with 8.00% Rate of Return
5 Years from Now, or Age 65 if Earlier
Reductions From Age 65 Using 3% Reductions Per Year
Salary Increases: 4.00%
Mortality/Interest for Conversion: 83GATT 6.50%
Cash Balance Interest Credits: 6.00%

	Service									
Age	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35+	Total	Total 5+ Years of Service
Under 20										0 $0 0%
20 – 24	26 $25,057 166%	1 $27,395 148%							27 $25,144 165%	1 $27,395 148%
25 – 29	52 $30,717 160%	17 $27,567 141%	1 $26,405 128%						70 $29,891 155%	18 $27,502 140%
30 – 34	29 $34,216 163%	19 $30,281 139%	9 $29,986 126%						57 $32,237 149%	28 $30,186 135%
35 – 39	40 $40,993 162%	36 $42,481 137%	15 $32,161 120%	6 $32,474 117%					97 $39,652 144%	57 $38,712 130%
40 – 44	26 $37,880 160%	19 $34,813 140%	11 $32,894 118%	13 $48,843 116%	4 $30,868 111%				73 $37,899 138%	47 $37,909 126%
45 – 49	28 $39,658 153%	19 $35,447 134%	10 $41,774 116%	8 $49,137 114%	2 $50,520 112%	2 $39,138 111%			69 $40,204 136%	41 $40,577 124%
50 – 54	21 $39,436 126%	11 $29,756 148%	11 $35,279 128%	6 $31,613 123%	2 $39,279 111%	5 $51,426 116%	2 $37,771 119%		58 $36,973 129%	37 $35,575 130%
55 – 59	9 $26,645 131%	9 $34,907 149%	4 $23,855 124%	4 $32,848 113%	1 $31,634 119%	1 $65,520 111%	3 $61,472 122%	2 $43,734 99%	33 $34,843 129%	24 $37,917 128%
60 – 64	3 $29,516 153%	2 $24,087 185%	3 $25,352 128%	2 $31,611 132%	2 $46,944 114%				12 $30,824 142%	9 $31,260 138%
65+		2 $24,947 107%		1 $24,282 115%					3 $24,725 110%	3 $24,725 110%
Total	234 $34,755 156%	135 $34,631 140%	64 $33,091 122%	40 $40,787 117%	11 $38,963 112%	8 $50,115 114%	5 $51,992 121%	2 $43,734 99%	499 $35,539 142%	265 $36,232 130%

Legend

Count
1998 Annual Pay
Ratio

Under 60%	
60% – 69%	
70% – 79%	
80% – 89%	
90% – 99%	
100%+	

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50 – 54	21 $39,436 95%	11 $29,756 100%	11 $35,279 92%	6 $31,613 91%	2 $39,279 88%	5 $51,426 93%	2 $37,771 95%		58 $36,973 95%	37 $35,575 94%
55 – 59	9 $26,645 114%	9 $34,907 143%	4 $23,855 121%	4 $32,848 115%	1 $31,634 109%	1 $65,520 108%	3 $61,472 120%	2 $43,734 101%	33 $34,843 122%	24 $37,917 125%
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Legend

Count 1998 Annual Pay Ratio	Under 60% 60% – 69% 70% – 79% 80% – 89% 90% – 99% 100%+

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